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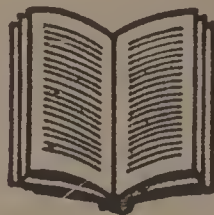
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The Challenge of War

An Economic Interpretation

By

NORMAN THOMAS



League for Industrial Democracy

70 Fifth Ave., New York

League for Industrial Democracy

70 Fifth Ave., New York City

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BASED ON PRODUCTION FOR USE AND NOT
FOR PROFIT."

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THE CHALLENGE OF WAR

AN ECONOMIC INTERPRETATION

By NORMAN THOMAS

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Contributing Editor of the *World Tomorrow*
and *The Nation*



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INTRODUCTION

THE evils of our present social order are many in number and serious in their effects. But the security and permanence of our civilization are menaced by two things in particular: (1) the waste of materials and men inherent in the system, and (2) the constant threat of war which grows out of the system. The first evil suggested Stuart Chase's pamphlet, *The Challenge of Waste*; the second suggests this companion pamphlet in the L. I. D. series of social studies. Like all our pamphlets it has had the benefit of the advice and criticism of many friends of the L. I. D. to whom our thanks are due.

It has been written in grave and anxious days. No man can foretell what will eventuate from the French occupation of the Ruhr even before this pamphlet is in print. The possibilities for evil in the still unsettled Near Eastern situation are only less grave.

At first sight both these crises seem to illustrate the madness of the nations rather than the working out of economic interest. Behind the war in the Near East lay the age-old feud between Greeks and Turks, racial and religious, with its resulting complex of fear, pride, ambition, and desire for revenge. Behind the Franco-German crisis lies not only the history of centuries of conflict but the fresh memory of the devastated areas of northern France. If the popular desire in France for security is an abnormal and unreasoning obsession which tends to defeat its own ends it is at least not surprising under the circumstances.

But if these crises illustrate the appalling psychology of competing nations it is increasingly evident that the destructive forces so much in evidence have been loosed or augmented by the desire for private or national profit. Great Britain and France played with Greek and Turk passions for their own ends and those ends were control of concessions and trade routes. The nearest approach to real unity between the former allies and present rivals in regard to the Near East seems to be a common disposition to protest against the Chester concession which the Turks gave to citizens of a third power! Not considerations of humanity but of power and profit have been dominant in the action of all nations concerned.

So, too, were direct economic interests operative in the Ruhr. French industrialists generally united with French militarists in a desire to cripple Germany by striking at her economic life.

French steel and iron interests in particular wanted the major control of the coke of the Ruhr. The absurdity of the barriers between Lorraine iron and Ruhr coal were evident to them but they saw no way to beat them down but by the mailed fist for the sake of their own aggrandizement.

On the other hand it was Britain's interest (having stripped Germany of her colonies and fleet) to see Germany restored to prosperity for the sake of trade. British steel men do not want a European steel trust dominated by either French or Germans. Hence Britain's aloofness which might have taken more positive form had not Bonar Law been deterred by the possibility of an uncomfortable understanding between France and Turkey in the unsettled East.

If a short sighted economic interest precipitated the crisis it is equally plain that the enormous costs of the occupation of the Ruhr to France as well as to Germany inspire the present tentative approaches to a settlement. It would seem that even politicians may be learning from hard experience what Norman Angell proclaimed to a doubting world ten years ago: "the powerlessness of a completely preponderant victor to seize great wealth from the vanquished." But as Mr. Angell has pointed out, to realize that fact does not of itself remove the threat of war from the rivalries of capitalist nations. The profit motive does not make men or nations clear visioned. The psychology of capitalism makes rather for a stubborn insistence on collecting debts or reparations at no matter what cost—witness America's reluctance to offer to forgive European debts for the sake of a better economic settlement.

It is especially significant that not the statesmen of capitalist principles but the labor and socialist movements have been the ones to proclaim most clearly both the economic folly and the social cruelty of the occupation of the Ruhr. It is the workers of Germany, moreover, who have won at least a partial victory by non-violent means. They have proved that you cannot mine coal with bayonets. These considerations combined with the war weariness of the nations make it possible—but by no means certain—that there will be some sort of temporary adjustment of the Ruhr question without war. True peace will not be established while the conflicts in interest seen vividly in the Ruhr and in Asia Minor are characteristic of our social system.

NORMAN THOMAS.

April 17, 1923.

The Challenge of War

AMIDST the dangers that menace the peace and well-being of mankind, there is this gain: Men are beginning to learn the truth about the stupendous disaster to the human race which new world war will bring upon it. The possibilities of disaster increase with every new discovery of science. Major General Swinton, of the British Army, according to the *London Nation*, thus summed up the nature of the next war:

We have light rays. We have heat waves. Mr. H. G. Wells in his "War of the Worlds" alludes to the heat waves of the Martians, and we may not be so very far from the development of some kind of lethal ray which will shrivel up or paralyze or poison human beings if they are unprotected. . . . The final form of human warfare, as I regard it, is germ warfare. I think it will come to that and so far as I see it there is no reason why it should not if we mean to fight.*

The General's remarks antedated the Washington Conference on the Limitation of Armaments at which an effort was made to limit the use of poison gas and submarines. This effort, as was pointed out by more than one speaker in the United States Senate at the time when the Treaties were adopted, is bound to be futile. If conditions come to a point where nations fight, each nation will feel obliged to use the utmost resources of science as a "defensive measure" against an enemy which will be engaged in the same attempt. For the nations to ban poison gas by agreement is as absurd as if the chivalry of Europe had agreed to ban gun powder in the early days of that explosive. Men say that it is Utopian to talk of abolishing war. It is far more Utopian to imagine that the destructiveness of war can be kept within metes and bounds. It is easier to kill the tiger than to file down his teeth.**

**The World Tomorrow*, July, 1920.

**Since the above was written Admiral Sims has explained that Germany used submarines as humanely as was possible if they were to be used against merchant ships at all, and that the United States would have used them as Germany did in like extremity—a statement which furnishes food for thought on the falsity of much allied propaganda and the folly of hoping to eliminate submarines or restrict their use in future wars.

Will Irwin in "The Next War" has described for us in unforgettable language the waste of great cities, the ruin of fertile fields, the destruction of life, bound to follow a new war. But Mr. Irwin's picture of the charnel house which new war will make out of great nations does not tell the whole story. There will be survivors even of new world war. But no one can foretell how much the race will be weakened biologically by slaughter which sparing neither women nor children singles out as its special victims the strong and fit. Those who were not physically fit to be soldiers in the front line trenches will be the fathers of the new race.

More certain and more calculable are the psychological consequences of war. Once it was reasonable to assume with H. G. Wells—in his role as novelist, not as historian—that nations engaged in deadly war might stop in time to avert its worst calamities by the organization of a durable peace. After Versailles we ought to know that nations which engage in war are not capable of making that kind of rational reconstruction. At best, the little craft of men's reason is tossed about on stormy seas of passion and prejudice. In war it is almost wholly submerged. Lies are marshalled like men for the conduct of the war. The truth can only be told after it is too late. Fear and hate are organized in order to maintain the "morale" of soldiers and civilians. The best that can be hoped is a peace of exhaustion between evenly matched opponents. If either side is completely victorious nothing can be expected but a peace of vengeance. So much must be granted to the defenders of Woodrow Wilson at Versailles. Ray Stannard Baker and others argue that he did the best he could, given the state of public opinion at home and abroad. Whether or not they are entirely right, they are right to this extent: the atmosphere in which wars have been fought is never the atmosphere in which reconstruction can be begun. Those who believe that new war is inevitable are the supreme pessimists of our time. They believe in the suicide of civilization and if some of them believe that after new war, a reconstruction can take place, so glorious as to be worth the agony that has gone before, they are deceiving themselves and us with a mirage more dangerous than any which ever lured weary travellers over the desert. If civilization cannot end war, war will end civilization, and with it it may come close to ending the life of those nations or races which engage in it.

The Causes of War

The first step in the abolition of war is an analysis of those causes from which wars spring. There is much confusion on this subject in popular thought. Wars, we are told, are inevitable, given human nature. Wars spring from racial hatred, which apparently is an immutable characteristic of mankind. Particular wars, like the last, are popularly explained in terms of the lunatic nation, or the devil-possessed nation, and the struggle is portrayed as that of light against darkness. Each state presents itself to its citizens and conscripts soldiers in the role of Saint George against the dragon. When war is actually upon us some such idealization of it is necessary. Men fight better if they persuade themselves or are persuaded by others that they fight God's battles for Him. Signor Nitti, ex-Premier of Italy, candidly admits the nature of war propaganda when he writes: "That statement [that Germany and her allies were solely responsible for the war which devastated Europe] which we all made during the war, was a weapon to be used at the time; now that the war is over, it cannot be looked on as a serious argument."*

In this time of comparative peace, it is well to examine the popular explanation of war which we are not permitted to challenge when the conflict is upon us. Pugnacity is a human instinct, and differences between men, even violent conflicts between them, are as old as humanity. War, however, is not an informal and spontaneous conflict between individuals, but a highly organized conflict between groups. It had a beginning in the life of the race on this planet and it may have an end. The soldiers who fought the last war had no instinctive hatred of men whom they had never seen. The hatred had to be carefully worked up. Even in the front trenches there were times when measures had to be taken to prevent fraternization. Such wholesale destruction as war implies is not instinctive. Neither does it spring from racial hate. There are racial prejudices which are serious obstacles to a true internationalism, but they do not of themselves explain the social phenomenon of war. Certainly they do not explain the last war when English, French, Africans, Russians, Japanese and Hindus fought against Germans, Magyars, Bulgarians and Turks.

*Nitti: "The Wreck of Europe," (Bobbs Merrill Co.) p. 80.

The same idea was expressed in other words by Admiral Sims in an interview in the *New York Tribune*, April 15, 1923.

The tap root of war is economic. The fact is generally admitted by economists and even by military writers. Rear Admiral A. P. Niblack, U. S. N., in a recent book entitled "Why Wars Come," thus states his thesis: "It is here maintained that greed is the ultimate cause of nearly all wars through the selfish national policies pursued."* More accurate than Admiral Niblack's blunt assertion is Professor Seligman's careful statement: "If I read history aright, the forces that are chiefly responsible for the conflicts of political groups are the economic conditions affecting the group growth."**

The Religion of the State

To understand the force of economic conditions one must remember that they do not operate on a wise and calculating humanity but on men prone to fear, passion and pride. When these emotions are aroused men—especially crowds of men—may be left in mad disregard of any rational interest. Especially one must remember the peculiar loyalty the group demands of the individual. Cavour's confession: "We should have been great rascals if we had done for ourselves what we have done for Italy," is characteristic of the superiority of the group interest to the moral code. The group interest in our day finds extraordinary expression in the dogma of the god-state and the emotion of nationalism.

The god-state of the modern world is an absolute deity demanding unconditional obedience of its subjects and sanctifying all conduct which makes for its own power and prosperity. Its chief concern at home and abroad is with the protection of property. Nationalism is in this day and generation the most powerful social emotion. It requires for its full fervor rivals to surpass or enemies to fear and hate. Patriotism is essentially war-like, invoked a hundred times to rally the nation against other nations for every time that it is mentioned as a reason for improving the lot of the down-trodden within the national borders. The tragic paradox of the situation is that though the average man hates war it is only in a state of war that the delectable social emotions connected with nationalism come to their own. We have so far failed in our social organization that it is only in a state of war that every citizen is made to feel a direct interest

*Niblack: "Why Wars Come," (The Stratford Co.) p. 6.

**An Economic Interpretation of the War, by E. R. A. Seligman, in "Problems of Readjustment After the War." (D. Appleton & Co., 1915), page 43.

in and responsibility for his idol, the national state. This religion of the state is deliberately taught. Our schools are temples of nationalism and history is devoted less to truth than to extolling the glories of one's own particular state, and perpetuating hate of its rivals. Lessons learned from the success of war propaganda have accelerated the process by which the political state organizes the communicating of ideals, opinions and emotions to the one end of winning the blind allegiance of the masses to itself.

One phase of this process is illustrated in naive fashion by a bill which has just passed the Senate of New York state by a big majority. (The same Senate had to its credit previously voted for the repeal of the Lusk Laws which are more oppressive measures designed to tie education to the chariot of the state.) The new bill seeks to exclude from primary and secondary schools all histories which fail to teach—not the frankly unmoral dogma: “my country right or wrong”—but the more arrogantly self-righteous dogma: “my country is always right.” Here are some of the provisions enumerating the kind of book to be excluded:

- (i) which belittles or ridicules the accomplishments of American soldiers, sailors or marines in our wars against foreign nations, or which so stresses or lays such disproportionate emphasis upon any alleged phase of a military or naval combat or upon any circumstance alleged to have been connected therewith as to leave in the minds of youthful readers a contempt for the American soldiers, sailors or marines of that period or an unwarranted skepticism regarding their successes under arms, or
- (j) which impugns the motive or the motives that inspired the American soldiers, sailors or marines who fought in the wars waged by the United States in establishing, defending or preserving its rights as a free nation or the rights of its citizens.

Citizens brought up in the daily ritual of flag worship and under the doctrine of the infallibility of the soldiers, sailors, and marines of their own country are fit material for war. They will be faithful to their cruel god, the state, even unto death. But that which turns this blind devotion into war is usually a conflict in economic interest between political groups as the history of the wars of humanity clearly shows.

How Economic Conditions Produce War

Wars probably first arose out of a compelling desire to insure a food supply for the growing population. That was

the cause of the great migrations of peoples from Asia into Europe. Under changing conditions political groups fought to increase the area of the supply of certain kinds of food or of raw materials. Later they fought for favorable markets. Says Professor Seligman:

The great wars of the seventeenth and eighteenth centuries, fought in order to control the sea and to expand the colonial empire, all had in view the development of the nascent industry on capitalist lines. Protection of industry was the characteristic mark of nationalism during this period.*

The success of Great Britain in these wars, the extent of her empire, and the fact that the industrial revolution took place first in England, changed the situation for her. She had won an industrial supremacy; obviously free trade and universal peace were the best means to perpetuate it. Men of the Manchester School were sincere in their internationalism and love of peace and they were right in their interpretation of England's immediate interest. A country without serious industrial rivals required neither protection of home markets nor extension of political control over other countries in order successfully to barter manufactured goods for food supplies and raw materials. From the end of the Napoleonic struggles down to the middle of the nineteenth century, and to a considerable extent thereafter, England's economic interest made for peace. Yet even in that period—against the bitter protests of men like Cobden and Bright—England resorted to war in order to force the deadly opium trade on an unwilling China. If that particular act of infamy has not been paralleled by any nation, it still remains proof of the terrible lengths to which greed will drive the governing classes of a nation and the powerlessness of a comparatively uninformed public opinion to stay that greed.

The nineteenth century furnished another more creditable illustration of the enlargement of markets in Asia, by a scarcely veiled threat of force. It was an American fleet which opened the ports of Japan to the trade of the world. If Perry's visit was friendly, that was because the Japanese rulers were astute enough to read the signs of the times and open their doors to trade. Otherwise the demands of the traders might have led to war.

Today the protective principle keeps commerce from being the bond of unity between nations that it was in the eyes

*Seligman *op. cit.*, p. 48.

of Cobden and Bright. Joseph Chamberlain, who fought the British free trade tradition declared: "the British Empire is . . . commerce," and to protect that commerce he insisted on maintaining the supremacy of the British navy. Other statesmen of other countries have held similar notions.*

The particular form of modern trade which tends directly to promote war is the trade in armaments by private interests. In time of peace armament makers know neither patriotism nor principle. They sell cheerfully to any customer however possible it is that the customer may become the enemy of their own country. But with supreme effrontery, these same armament makers ask the support of the diplomats of their own native country in the cold-blooded game they play for profit. Achille Loria, the Italian economist, thinks that armament makers were partly responsible for the Balkan War which was a prelude to the Great War. Governments directly have taken part in the sale of armaments. The United States has sold unwanted battleships to weaker powers. It now has a naval mission in Brazil. It is not clear why Brazil needs a larger navy or why it is the business of Americans to encourage such a navy. Already the presence of this American naval mission has called forth sharp expressions of resentment and suspicion in Argentina. But doubtless American steel makers would profit greatly if Brazil should go in for a big navy.

Investors as War Makers

Nevertheless, it is not traders even in armaments who are primarily responsible for modern wars. Investors are the modern war makers. Not commerce with "backward countries" but control of their raw materials is the chief prize for which stronger nations contend.

The change came with the growth of surplus capital in England, and later in other industrial countries. There is in most nations a comparative saturation point at which new capital is invested at home with small profit. Under these circumstances, possessors of surplus capital wrung out of the exploitation of the working class, seek for higher rates of interest which can be found by investments in foreign concessions or in loans to weak and corrupt rulers. It is this export of capital rather than of goods in which the new imperialism originated and out of which the last war was

*Sidney and Beatrice Webb: "The Decay of Capitalist Civilization." Pages 196, 197, (Harcourt, Brace & Company.)

born. The new imperialism had its birth in 1850, when Lord Palmerston established the precedent of enforcing the claims of British citizens in foreign countries by the power of the British navy. This bad doctrine began with a bad claim. A certain Don Pacifico, a Portuguese Jew of British citizenship, living in Greece, had a claim against the Greek government which he refused to submit to the Greek courts. He appealed instead to Great Britain. Palmerston collected the claim for him. Other industrial nations have since that time followed the same precedent.

It was in the capacity of debt collector that Britain conquered Egypt.* It is British investments more than romance or sentiment which make India "the brightest jewel in the imperial crown." India was originally acquired at the dictate and under the method of an older form of imperialism. Her conquerors were not investors but traders, adventurers and magnificent looters. But the possession of India is profitable to England today not only because it furnishes a market for cotton goods—a market originally created by the deliberate ruin of Indian domestic manufacturers—but also because of the annual stream of tribute which impoverished India pays out of its economic life blood in salaries and pensions to British officials and dividends to British investors.**

France came into competition with England for this new empire of capital in the latter part of the nineteenth century and English and French rivalries in Africa nearly led to war. Germany took up such rivalry in earnest only with the beginning of the twentieth century. The pressure of her increasing population as well as the ambition of her capitalists drove her forward. She found her way barred in many directions by the older imperial powers. She came into conflict with Britain over the Bagdad railroad and more acute conflict with France over Morocco.†

In the effort to strengthen the bargaining power of German capitalists and to give them better cards to play against their British rivals, it became advantageous for Germany to create a large navy and seek coaling stations throughout the world. This attempt, to quote Professor Seligman, "necessarily constituted a challenge to England's virtual monopoly of sea

*H. G. Brailsford: "War of Steel and Gold," (G. Bell & Sons), p. 95ff.

**Lajpat Rai: "England's Debt to India," (B. W. Huebsch).

†See E. D. Morel: "The Truth About the War" and "Ten Years of Secret Diplomacy," (National Labour Press.)

power and engendered in both countries the state of mind which . . . finally resulted in . . . conflict.”*

There were other factors which made for war beside those just indicated. France feared the pressure of Germany and sought revenge for the wrongs inflicted upon her in 1870-71. Germany feared the enormous mass of Czarist Russia. Austria and Germany could not with equanimity see Russian influence dominant in the Balkans. But behind these fears were active economic rivalries and interests. Russia sought power in the Balkan countries because they were on the road to Constantinople and from the days of Peter the Great the Russian rulers had understood the value of this outlet on the open sea. One thing that inclined England to the Entente as against the Triple Alliance was fear of German industrial, if not political, hegemony on the Continent and German rivalry for investment markets especially in the Near East. The situation was understood by careful students in the belligerent as well as in the neutral countries even during the Great War. *The London Economist* declared on November 20, 1915, that the desire to find a lucrative employment for capital in new countries was the real underlying cause of the horrible conflagration.**

The Great War

This economic explanation of the cause of war is vastly more important than the question of the immediate guilt of those who started it. Even if German arrogance or German nervousness made Germany pull the first gun in the monstrous poker game which the European powers, all armed to the teeth, played for the profits of world exploitation, it would still be true that Germany was not solely responsible for the game which ended in war. As a matter of fact, thanks to the publication of secret documents in Berlin, Moscow and Vienna, we know that Austria's and Germany's guilt for precipitating the war was not as exclusive as it once seemed. In pre-war diplomacy, Poincaré and his French associates; and the Russians Sazanov, Izvolsky, and Sukhomlenov, played almost as sinister a role as Count Berchtold of Austria and the German Kaiser or any of his advisers. We know now that long before Belgium was invaded, Britain was committed by Sir Edward Grey to the side of the Entente. The

*Seligman; *op. cit.* p. 58.

**Quoted by Achille Loria: *Lessons of the Great War*, a supplement to his work, "Economic Causes of War," and in the English version included as part of that book. (Chas. H. Kerr Co.) p. 168.

British government could not say plainly to Germany, "If you invade Belgium we will fight you," because the British government was morally committed to fight on France's side in any event. In the decade preceding the war, the Entente powers had spent far more in military preparation than their rivals.

As the war proceeded the Allies by their secret treaties made it plain that their ambitions were as imperialistic as the ambitions of the Central Powers. The notion of one guilty nation which forms the moral basis of the Treaty of Versailles is false. No nation deliberately willed the holocaust of 1914-1918. Lloyd George told the truth when he admitted that the war was something into which the rulers "glided, or rather staggered and stumbled."* But they stumbled into war because they had first rushed in support of their own investors into armed and unscrupulous rivalry for world power and profit.

If nations did not deliberately will war still less did the capitalists out of whose rivalries the war sprung. Capitalism, as the Webbs have pointed out

is impotent in the face of the national passions, the international jealousies and terrors, the romantic pugnacities roused by its attempts to use national armaments as a trade police. It cannot even pursue these attempts with pacific integrity: the establishment of an effective police in its completeness means nothing short of conquest and annexation; and these mean war, which, though colossally profitable to certain trades for the moment, involves an appalling destruction of capital and thrusts a ramrod into the financial machinery on which the whole business of foreign trade, and consequently of much domestic trade, depends. . . . In short, in diplomacy and war, the profiteer hegemony is omnipotent for evil and impotent for good. It can bind; but the sword has to loose.**

After the war was over, no less an authority than President Wilson admitted the theory which is here set forth. In his speech at St. Louis, September 5, 1919, he declared: "Why, my fellow-citizens, is there any man here, or any woman—let me say, is there any child here—who does not know that

*It is not the purpose of this pamphlet to go into the question of the origin of the war. An increasing mass of material on the subject is available in the principal languages of the world. This material has been admirably reviewed by Lewis S. Gannett in *The Nation* in two articles, "They All Lied," *Nation* October 11, 1922, and "How the Russians Lied," in the *Nation* December 20, 1922. Professor Charles A. Beard treats the matter dispassionately in the first three chapters of his book, "Cross Currents in Europe Today." Signor Nitti has interesting reflections on the origin of the war scattered through his book, "The Wreck of Europe."

**Sidney and Beatrice Webb: "The Decay of Capitalist Civilization," pages 204, 205, (Harcourt, Brace & Company.)

the seed of war in the modern world is industrial and commercial rivalry? . . . This war, in its inception, was a commercial and industrial war. It was not a political war.”

America Enters the Great Game

Up to the outbreak of the Great War, the United States had found little occasion to enter into this rivalry of investors. The development of its own great continental territory profitably employed the surplus capital its citizens amassed and much that they borrowed from abroad. From the ethical standpoint, America has always been imperialistic. It took land without scruple from the American Indian and wrested it at will from Mexico. It developed Negro slavery to a degree unknown to any modern nation and maintained it to a later date. Under cover of the Monroe Doctrine it has asserted an increasing dominance over the destiny of the weaker nations of the Western Hemisphere. It acquired Hawaii after the approved manner of Anglo-Saxon imperialism. But this sort of imperialism did not bring us into sharp conflict with the European powers. Even the Spanish War scarcely drew us into the circle of imperialistic poker players. Self interest led us to support the “open door” policy in China and we added a little wise benevolence in our use of part of the Boxer indemnity for the education of Chinese youth.*

The Great War changed the situation. In the short space of three years the United States from a debtor nation became the chief source of credit. We did an immense business in war supplies. But with only one group of belligerents. At first our government protested vigorously because the British navy shut us off from trade with the Central Powers, contrary to the principle of freedom of the seas for which the United States had historically stood. But the Allied trade absorbed American goods so completely and loans to the Allies gave American bankers so heavy a stake in Allied success that our protest became less and less urgent. Finally, when our trade was menaced by German submarines and the success of our debtors was imperilled, we entered the war.

Our intervention brought about victory without peace, where a wiser and stronger policy of neutrality might have brought peace without victory. If Wall Street could have foreseen the world of 1923, it and with it a lot of plain

*On this paragraph, see Scott Nearing: “The American Empire.”

Americans might have been less keen for war than in the winter and spring of 1917. But then things were different. John Kenneth Turner quotes the New York *Sun's* financial column, April 9, 1917: "Sentiment among bankers is patriotic and it is bullish . . . To many persons, long on stocks, war apparently merely spells another long period of abnormal profits for our corporations . . . The big men hold stocks."* Mr. Turner continues the story:

After the profits of expectation, followed the profits of realization. Allied credit was not only insured; it was guaranteed. Allied trade, which, in the words of a financial circular, had come to be looked upon as a "pinchbeck" again became "the genuine article." The boom was prolonged. It became possible to advance wholesale prices in April on an average of two per cent over March, making the total since the beginning of the European war 57 per cent. This was only a beginning. By the middle of May, *The Times* was able to say: "Business is still feeling the momentum imparted by the vast buying demand opened up when the United States declared war." This momentum rose, instead of falling—rose steadily for eighteen months, until the German collapse.**

The suggestion that economic reasons were decisive in bringing America into the struggle may seem like an insult to the very real devotion of those who fought to protect small nations, end war, and make the world safe for democracy. These ideals were loudly expressed and genuinely felt in America. But it is a matter of record that they did not bring the United States into the war nor were they operative in the making of the peace. The United States did not declare war after the invasion of Belgium, the sinking of the *Lusitania*, or the ravaging of Armenia. On the contrary, its citizens voted for the man who had kept us out of war as late as November, 1916. There was no fear of German invasion of our shores. What happened at the Dardanelles had shown the impossibility of naval invasion of a distant and moderately well fortified country. The thing that did most to change America's attitude between November, 1916, and April, 1917, was the increased menace to our trade and our investments, due primarily to the German effort to match the British blockade by unrestricted submarine warfare. This economic motive did not for the most part act directly. It played upon and hid itself in a tangle of national pride, in-

* John Kenneth Turner: "Shall It Be Again?" (B. W. Huebsch.) p. 279.

***Ibid.*, p. 280.

dignation, undefined fear for the future, and sympathy for the Allies, partly spontaneous, partly born of elaborate propaganda.

Germany certainly gave cause for moral condemnation. Without that cause it would have been harder to get the country into the war. But if conditions had been reversed and America's trade had been with the Central Powers rather than with the Allies, it is questionable whether the moral condemnation of Germany would have been so keen and the acceptance of Allied imperialism so uncritical. Such are the crimes of states that when economic conditions put them in opposition it is always possible for each state to dig out of the other's history or to find in its present conduct extremely reprehensible acts. Imagine, for instance, if ever there should be a war between the United States and Japan, how Japanese orators would denounce our lynchings and burnings at the stake! With what eloquence they would proclaim a Holy Crusade to make America safe for the black man! But that is not why there would be war between Japan and America. We shall never understand or guard against the part that profit plays in bringing about war until we recognize that it seldom or never appears naked and unadorned even to those most animated by it but robed by the strange psychology of mankind in the garb of an angel of light. The most sordid adventures in imperialism are always justified as a service to God and a part of the burden He has put on the white man's back.

The Settlement—and After

The same principle of competitive nationalism and economic self interest which led to the war, determined the nature of a settlement which has proved no settlement. That is far from saying that the reorganization of Europe was determined by keen economic understanding even of a selfish sort. Economic interest was seen by all nations through the mist of passion, hate and fear. Not self-interest as it was understood by a few economic experts and international bankers, but the popular notion that the way to prosper was to destroy one's rival, imposed a peace upon Europe which was scarcely less disastrous than war.

Of the developments of the years since the peace, whether for good or evil, there is not space to speak in detail. Certain generalizations may be suggestive:

1. Capitalism is still dominant. The revolutionary tides have ebbed. Though the labor movement and the socialist

parties are stronger in many ways than before the war,* they proved themselves unready and unable to take over the reorganization of a broken world. The passions of nationalism were still too strong among the workers. Labor lacked administrative and technical skill in its own ranks and confidence in its own power. It was divided by schisms. In Russia, the least industrial of nations, a proletarian government firmly established itself, but economically it has had to recede from communism toward state capitalism.

Yet capitalism, especially of the individualistic sort, has already passed the zenith of its power. No less a conservative than Lord Milner, of England, has written articles in criticism of modern industry which repeat "in all essentials the indictment" of the Webbs or R. H. Tawney.** The religion of capitalism was the gospel of saving. Let the thrifty man deny himself present pleasures, invest his savings, and he or his children will reap a rich reward. This gospel has been sadly discredited in those countries which during the war and the years since the war have expropriated as ruthlessly as any Bolsheviks, the savings of the middle class by the inflation of currency. The very foundation of a healthy capitalist psychology is destroyed whenever what you spend you have and what you save you lose. Despite the achievements of Stinnes and other super-capitalists and the gradual return of many European nations to work, there is still a danger lest the decay of capitalism lead Europe to chaos before the constructive forces are strong enough to build.

2. Capitalism is closely allied with the state. During the war it was necessary to nationalize industries (or put them under national control) to an unprecedented degree. After the war the various states gave back a large measure of power over industry to private owners, but they still kept a benevolent interest in the prosperity of those industries. The relation between the German industrialists and the German government is notoriously close. England, the classic country of free trade, has passed a preferential tariff law and by law and through diplomacy has vigorously cooperated with merchants and investors in building up export trade and in

*In 1921, according to the International Labor Bureau at Geneva, there were over 44,000,000 labor unionists—four times as many as in 1910.

**Arthur Greenwood, M. P., in *The Observer*, February 4, 1923. For a cogent statement of the economic case against capitalism see Beatrice and Sidney Webb: "The Decay of Capitalist Civilization," especially pp. 181-193.

acquiring concessions, notably for the development of oil. The United States has followed suit. Says Professor Beard:

Our huge industrial and banking corporations are driving hard in every market. Our government modifies its anti-trust laws to give them free sway in other lands. Our government builds an immense merchant marine at the expense of the tax payers, turns it over to private operating companies, and now proposes endless millions in the way of subsidies. Our government, finding our Eastern trade menaced, calls a world conference and by brilliant negotiation forces England and Japan apart and compels the reaffirmation of the open door for China—which means in essence, better opportunities for American trade in China. Our government, with its navy and marines, helps our investment bankers collect their debts in the Caribbean. Our government gives diplomatic support to financial and commercial enterprises everywhere on the face of the earth. Foreign affairs relate principally to investments, trade, iron, coal, oil, copper, and rubber, and other raw materials.*

At present this alliance between nations and big business is intensely capitalistic. The profit and wage system and the rights of absentee owners are still axiomatic in our economic practice. But industry might be socialized along national lines and still the danger of competition between nations would remain. Such a process would substantially reduce the number of profit hunters and diminish the surplus capital in their hands. The workers would be less acquisitive and probably more sympathetic with their comrades in other lands than the lords of capital. Socialized industry would be less dependent on foreign markets and the workers could afford better than profit seekers to use any surplus for the development of their own country.

On the other hand, if the process of nationalization were so carried on as to bind the loyalty of the workers more closely to the nation an exclusive patriotism might be increased. For many months after the Armistice the British government controlled the export of coal. Coal production in Europe was at a low ebb. British coal was sold in Europe for the maximum price with no regard for the desperate poverty of the people. The profits from this foreign sale enabled the government to keep the domestic price down and wages up. When German reparation coal began to pour into France and Belgium, the British export market broke, the government abandoned its control, private owners sought to reduce wages and the disastrous coal strike began. There was no coal strike and little agitation among owners, workers, or consumers in

*Cross Currents in Europe Today, (Marshall Jones.) Page 133.

England in behalf of fellow workers and fellow consumers in Europe so long as the market was good. This is not said in special criticism of British miners. They acted as other bodies of men would probably have acted in similar circumstances. If they themselves had controlled the industry, they might have acted more generously, but they probably would still have thought in terms of national advantage. Socialization of industry which is purely national in outlook; democratic control which is not inspired by conscious internationalism, will not assure world peace.

The Great Rivals

In the welter of competing nations, four imperial systems stand out as dominant—British, French, Japanese and American. Italy lacks nothing of desire, but much of economic power—coal, iron and food supplies—to compete on equal terms with the big four. Fortunately, responsibility has somewhat sobered Mussolini's extreme chauvinism and has driven him in the direction of the wise foreign policy of Signor Nitti whom he so greatly detests.

Germany is not in the reckoning as one of the great empires, but the organizing skill of her people, their industry, scientific capacity and numbers make it certain that sooner or later their country must again be reckoned with in world rivalry. Whatever may be said of the success or failure of the Russian economic experiment, politically the Soviet government has worked miracles. When one remembers the chaotic condition of the Russia of 1917-18, the magnitude of the achievement becomes apparent. Russia already is a force to be reckoned with in world politics, and that not alone because of the appeal its communist government makes to workers in other lands, but because Russia as a nation has become strong, aggressive and powerful. The degree of Russian national influence in the future, however, will be somewhat conditioned by the skill of Russian rulers in obtaining the foreign capital they desire for the development of Russia without putting Russia itself in pawn to the capitalists who lend the money. It is easier to work out on paper formulas for protection against that danger than to realize them in practice. It will be easier to talk internationalism than to practice it in a strongly developed centralized state.

Not only must the dominant powers sooner or later reckon with Germany and Russia but they must reconcile their own differences if they would maintain the world's peace. This

they have notoriously failed to do. France wants an economic and military hegemony of Europe which Britain historically has always denied to every power. What England did not yield to the Spain of Philip II, the France of Louis XIV or Napoleon, the Germany of Kaiser Wilhelm II, she will not willingly or permanently yield to the France of the National bloc and President Poincaré. British and French interests have clashed in the Near East. They may clash elsewhere. It is hard to see how the Entente can survive unless France and Britain should be menaced by a fresh tide of social revolution or by some nationalistic agreement between Russia, Germany and possibly Turkey.

Japanese imperialism has as its ambition assertion of a Japanese Monroe Doctrine in Asia. China and Siberia are the victims of Japanese economic expansion. All powers interested in the open door of China—that is a door open for investment even more than trade—regard the Japanese program with suspicion and dislike. The most desirable result of the Washington Conference on the Limitation of Armaments was to improve relations between America and Japan, but the conflicts in interest between the two Pacific powers were temporarily adjusted, not settled. The underlying causes of them remained. We Americans who see very clearly the sins of others are aware of the wrong that Japan has done to Korea and to China and to Siberia. We are suspicious even of the moderation of the present Japanese government. What we fail to understand is that in a world war nations struggle for the command of raw materials. Japanese imperialism is peculiarly defensible not in terms of ethics but of *real politik*. Japan, unlike England, has no supply of coal and iron at home and no colonies to make up the lack. Her sons and daughters are numerous and energetic. Many of the most desirable regions of the world are closed to them. Her life depends upon her becoming an industrial nation and that, in turn, depends upon access to raw materials. Since she has not these raw materials in her own boundaries, and since she cannot trust to the ordinary processes of trade to procure her a steady supply from the territories of her competitors, she feels obliged to do what she can to stake out spheres of influence in Siberia, Manchuria and other parts of China.

America's Role

In all this competition for profit and for power, America is intensely interested. The United States renounced any

claim to indemnity after the Great War, but its former allies were in its debt for more than ten billion dollars. The economist may argue that it would be better business for America to forgive or reduce this debt. So far this argument has made little impression on popular psychology. At present the United States wants to collect this debt at the very time that it desires to build up a market for its surplus food supplies and manufactured articles in Europe and to exclude by a high tariff European goods from its domestic markets. The economist who can show how all three of these economic ambitions can be attained at once, having solved the insoluble, ought to be fully prepared to "unscrew the inscrutable." Meanwhile, so long as Europe owes these billions to the United States, it is idle to think that our country can return to its old isolation and indifference to European problems.

Not only are we bound to Europe by public debts, but by the private investments of American citizens in European bonds. Following the suggestion of Professor Beard, we turn to the financial columns of the *New York Times*. On February 21, 1923 (the date is chosen at random) foreign bonds were listed under the following heads:

Argentina.	Japanese Government
Chinese Railway	Jurgens, (Antwerp)
City of Berne	Kingdom of Belgium
City of Bordeaux	Kingdom of Denmark
City of Christiania	Kingdom of Italy
City of Copenhagen	Kingdom of Netherlands
City of Greater Prague	Kingdom of Norway
City of Lyons	Kingdom of the Serbs
City of Marseilles	Kingdom of Sweden
City of Montevideo	Paris-Lyons Railroad
City of Rio de Janeiro	Republic of Bolivia
City of San Paulo	Republic of Chile
City of Soissons	Republic of Colombia
City of Tokio	Republic of Cuba
City of Zurich	Republic of Haiti
Czechoslovak Republic	Republic of Uruguay
Danish Municipalities	State of Queensland
Department of the Seine	State of Rio Grande do Sul
Dominican Republic	State of San Paulo
Dominion of Canada	Swiss Confederation
Dutch East Indies	United Kingdom of Great
Franco-American Industrial	Britain and Ireland
Development	United States of Brazil
French Government	United States of Mexico
Holland-American	

After reciting a similar list, Professor Beard comments:

In accordance with a custom, consecrated by time, the bondholders, whenever a disturbance is threatened or a default is at hand, look eagerly to the government at Washington to support their interests diplomatically if not more vigorously. The genial American public, that takes up millions of oil stocks every year, seizes eagerly at the opportunity to get seven and eight per cent on the bonds of foreign countries and so every new loan is received with enthusiasm. Let this process go on for fifty years, and the people of the United States will have reconditioned Europe and Asia, and at the same time created an interest obligation that will either flood our markets with European goods by way of repayment, or raise the dollar to a ruinous height in the exchanges of the world. They will also have incurred a gigantic financial risk which a new war or a social revolution in Europe would transform into widespread ruin with its corresponding effects on our political issues. In short, the United States, through the investment of capital, has become a silent partner in the fate of every established order in the world. Unless we are to assume on the basis of the experience of the past three hundred years that there will be no more World Wars or social cataclysms, it is safe to conjecture that days of greater trouble are ahead, whether we enter the League of Nations or stay out of it. Once a great European war merely deranged our foreign trade; in the future it will disturb every investor in every village Main Street.*

The United States and Latin America

There is one aspect of American economic penetration which is especially noteworthy. It is partially indicated by the number of Latin American bonds listed on Wall Street. During 1922 at least a quarter of a billion dollars were invested in the countries to the south of us. To appreciate what this means one must remember that unlike some of the European countries our Latin American debtors are not by comparison numerically strong or very powerful and they have great riches to exploit. Already the marines have followed the investors into many of the Caribbean countries. Cuba is nominally independent, but Cuba is not independent of American bankers and investors, as General Crowder has forcibly brought home in his dealings with the Cuban government. Porto Rico and the Virgin Islands are American property. Santo Domingo is emerging from a wholly illegal

*Beard, *op. cit.* p. 245. The Chester grant—announced after this pamphlet was written—emphasizes Prof. Beard's warning. To American investors it may look like a road to fabulous power and profit; to the American people—if their government backs Chester in conventional fashion—it more likely will prove a road to diplomatic strife and even war.

government under an American Rear Admiral into the status of an American protectorate which must legalize loans contracted for by the illegal occupation! Haiti has a puppet government controlled by American marines.* Under President Wilson's administration, her territory was occupied in force, a new and unwanted constitution was thrust upon her, her land laws were changed to permit foreign ownership, for months a corvee system was maintained which meant practical slave labor and rebellion against this and other high handed acts of American occupation was put down with brutality. Still further to settle American control on the black republic, there has recently been forced on the puppet government an unwanted loan of sixteen million dollars. This loan is to run thirty years and it is provided that during the entire life of the loan American suzerainty over the country shall continue. The chief beneficiary of this imperialism has been the National City Bank which subscribed the loan. It is now trying to unload it on the public.

Nicaragua is a fief of Brown Brothers and J. & W. Seligman. They control the government's railroads, its customs and its finances. Guatemala is a special preserve of Blair & Company. Our obliging State Department has marines on call to protect "law and order"—that is investments—in both republics. Their governments are American vassals. Costa Rica is a banana-growing plantation for the United Fruit Company which owns the railroads and the Atlantic ports. In justice to the United Fruit Company it ought to be said that it does not interfere with politics nor call upon the marines to defend its interests. The Republic of Panama, as everybody knows, was created by the Roosevelt Administration in order to gain the Panama Canal.

Farther south, Peru has been negotiating with the Guarantee Trust Company for a loan. Unlike some of the Central American republics, it has made no treaty providing for an American collector of customs, but under pressure of the bankers, it consented to the appointment of an American supervisor, W. W. Cumberland, formerly of our State Department. Peru is in the midst of an oil boom. The Standard Oil Company has over ninety per cent of the concessions. What that means in terms of real control, Americans who have experienced

*See the publications of the Haiti-Santo Domingo Independence Society, 20 Vesey Street, New York City.

the power of the Company need not be told. Bolivia borrowed money from the Equitable Trust and placed most of her revenues in pawn to guarantee the interest. Bolivia has exceedingly valuable tin mines as well as oil as prizes for concession hunters. The boom in oil in Peru and Bolivia is, of course, only part of the general hunt for oil over all of the world in which the United States and Great Britain are the principal rivals. Democratic and Republican Secretaries of State have backed our oil investors in Mesopotamia and Mexico with equal fervor. Details of Anglo-American rivalry are shrouded in some obscurity like the details of our financial relations and political intrigues with Latin American countries generally. We know, however, that it was in order to obtain advantage over British concession seekers that the United States Senate finally consented to pay twenty-five million dollars to Colombia as compensation for the loss of Panama.

It is sometimes alleged that this American imperialism is of great benefit to the natives of backward countries. Of this there is no proof. What American cooperation did for the Philippines it has not done for Haiti, Santo Domingo, Nicaragua or Guatemala. The general influence of our government has been to check the growth of a spirit of unity which would unite the little Central American countries into a nation too powerful to be controlled with a few regiments of marines. Mr. Hughes, to be sure, has just held a Central American Conference which has produced a number of treaties.

They include conventions to establish free-trade between four of the republics (Costa Rica holds aloof from this), to limit the total military forces of the five republics to 16,400 men, to provide for non-recognition of revolutionary governments resulting from coups d'états (this seems to perpetuate our puppet Government in Nicaragua and the reactionary Orellana Government in Guatemala), to reform electoral procedure, and to establish a new court of justice.*

As the *Nation* points out, this is a small compensation for the injury America has done to Central American unity. There were difficulties enough in the way of this unity to have made its attainment somewhat doubtful whatever the United States did, but there is no doubt that American influence has been against it.

The Central American Federation formed two years ago was broken up a year ago because of the action, or inaction,

**The Nation*, February 21, 1923.

of the United States in Guatemala. The Central American Court of Justice formed in 1907 under the joint aegis of Mexico and the United States lapsed because the United States, under Mr. Bryan's guidance, encouraged Nicaragua to refuse to recognize the court's decision that the Bryan-Chamorro treaty between the United States and Nicaragua violated the rights of Costa Rica and of Salvador.*

Our relations with Mexico are a little less discreditable than our relations with Haiti, chiefly because Mexico is a more powerful country and American public opinion which does not mind imperialism when it provides "education" for the marines (see any recruiting poster) is much more reluctant when it comes to sending an army into Mexico. Even so, we have within recent years twice invaded Mexico and threatened invasion many times more. The revolution against Diaz was not only a revolution against Mexican grandes and favorites of the president, but against foreign concession holders. That revolt, like most popular revolts, has been stained by folly, inefficiency and bloodshed, much of which might have been avoided if those who struggled however blindly for liberty did not always have to struggle against the power of American corporations in Mexico. Today, the Obregon government is not recognized** by America simply because Secretary Hughes, in his role of high priest of the god property, has not won from it quite the confession of faith in the sanctity of investments which he seeks.†

Here are all the passions and interests out of which war springs. No Monroe Doctrine will forever hold in check the rivalry of European powers and possibly Japan for the enormous wealth of Latin America which the United States is so aggressively exploiting. No Pan-American sentimentalities

**The Nation*, February 21, 1923.

**Negotiations for recognition have since been begun. We hope Mexico will not pay too big a price for this boon.

†President Obregon's grasp of the world wide importance of Mexican resources and his own internationalism of spirit are shown in a statement by him in the *New York World*, April 9, 1923. We quote:

"We have never coveted Mexican isolation from the rest of the world. We wish to live in consort with society as a civilized people.

"Such isolation, moreover, in present times would signify an inhuman egotism, since the outside world has greater need of the natural resources of Mexico for its rehabilitation than can Mexico have need of them. And, although we can live and prosper, as already demonstrated, with our own resources and meet all our domestic as well as foreign obligations contracted by former governments, it would be overlooking that humanitarian program we have set ourselves to follow were we to deny our inexhaustible resources to the many other countries."

will forever check the wrath of our Southern neighbors against ruthless exploitation by men of alien race.

Two Uses of the Export of Capital

In this brief review of financial imperialism it is important to note the uses for the export of capital. First, there is export of capital for investment purposes in loans to backward countries. Second, there is export of capital to acquire and develop concessions for the working of natural resources. The first is illustrated by such loans as British investors made to Egypt, the French to the Sultan of Morocco and the Czar of Russia, and the Americans to Nicaragua. In so far as this form of export of capital endangers peace, the menace might theoretically be removed by one of two courses. Either the richer nations could forbid the export of investment capital, or more simply, they could refuse to make their armies and navies debt collecting agencies. Bankers would lend, if they lent at all, at their own risk. It is conceivable that the farmers and workers who have no interest in sending their sons to collect other people's debts in foreign lands might be persuaded to adopt some such plan.*

But the export of capital for the development of supplies of raw materials is another matter. No industrial nation, not even the United States, is sufficient to itself. Secretary Hoover has recently told Congress that against the monopolistic control of raw rubber by British corporations "we must prepare for some sort of national defense." This defense begins with an appropriation of \$500,000 with which the Departments of Commerce and Agriculture may investigate the practicability of interesting American capital in rubber growing in American possessions. Secretary Hoover complains also of foreign monopolistic control—or a tendency toward it—of nitrates, sisal, cocoanut oil and cocoa.

Already the domestic supply of petroleum in the United States is nearing exhaustion. Says William Hard:

In the year 1919 our imports of crude oil into the United States were 14 per cent of the volume of our domestic production of it. In the year 1920 they were 24 per cent of our domestic production. In the year 1921 they were 27 per cent. Washington needs no oil lobby to tell it that if we are going to joy-ride and truck-ride and plow with oil, we shall have to look overseas for the means with which to do it.**

*A variant of this form of investment is a loan not by the bankers but the government of a stronger nation to a weaker. This, as in the case of the French loan to Poland, is a device to make the borrowing nation the ally, almost the fief, of its great creditor.

***The Nation*, February 14, 1923.

Secretary Fall's action in refusing to permit the lease of certain oil lands by the Roxana Company on the ground that it was controlled by the Royal Dutch Shell interests has called attention to the oil war now on. This action, be it observed, is directed primarily to the protection of American investors rather than consumers. Secretary Fall did not argue that American companies should not export oil lest it decrease our available supply. He merely insisted that we ought not to give a lease to a corporation controlled by citizens of countries which discriminate against American oil investors, no matter where that company sells its oil. The whole controversy is an illustration of the way in which the state functions in the interest of investors rather than consumers.

Nevertheless, the oil war is at bottom of concern to the public. Even the most exploited worker of the United States or any industrial nation cannot look forward with equanimity to a situation in which the natural resources on which his own livelihood depends may be monopolized by an unfriendly power. So long as each of the industrial nations is in competition with its rivals, each nation will be compelled to do its utmost to obtain the means of protection against starvation of its people or its industries. However horrible war may be to a virile nation, starvation will appear a worse evil. Some nations, like the United States, do not now and will not in the near future face so terrible a choice. But countries like England, Japan and Germany contain a population which cannot possibly be fed without import of food. They are supported by industries which cannot be maintained without import of raw materials. Hence they cannot rest in their quest for power.

Economic Interdependence—Political Rivalry

In this machine age, we are economically interdependent. New York and London and Paris depend for their glory on the labor of men of all races in all countries. The New York Telephone Company, perhaps unconsciously, preached a sermon on this text by an exhibit in the show window of one of its commercial offices. In the window was a huge map of the world. In front of the map on a table was a telephone. Back from the telephone to various points on the map ran black streamers. These streamers illustrated not the possibility of speaking to those points on the earth's surface, but the fact that the New York Telephone Company was dependent for supplies on materials drawn from the whole world.

This intricate and economic network necessary for our life and well-being is co-extensive with the world and yet men administer it in terms not of the needs of the world but of their own profit, and the largest unity they recognize is not mankind but one of a welter of rival states. The slogan "No More War" is good, yet from one viewpoint it is misleading. We do not now have peace. Life is organized on a war basis. Diplomacy is a war game. War itself is only the acute manifestation of a chronic disease. We have been concerned in this pamphlet with the clash between nations. That is not the only source from which war comes. It may ultimately prove to be not the chief source of danger. There is the growing anger of the brown and black races against their white masters and exploiters. There is the clash between those who own the resources and implements which all men need, and those who have only their labor of hand or brain to sell. Many of those who claim property rights are absentee owners who contribute nothing to the industry on which they live, but who exercise power over it. How acute is the conflict between them and the workers is illustrated in every great strike in the United States and in the smoldering fires of civil war in West Virginia coal fields. The world must have peace if civilization can endure. Can the world have peace under its present economico-political system?

Suggested Cures

The candid militarists answer the question by saying "you cannot have peace on any terms." This philosophy of madness and despair is offered in the name of common sense. Rear Admiral Niblack, whom we have quoted before, after arguing that neither the League of Nations nor limitation of armaments will bring about peace, asks:

What can? The answer is, only a change in human nature can prevent wars. That, however, being out of the question, what is the next best thing? Apparently in the accepted ethics of the world a state or business firm can do all things necessary for its own interests and the ordinary rules of morality between individuals do not apply to them! The answer is, however, that we should try to apply the same morality to states that we do to individuals. But will nations accept this code of morality? If not the only solution is armament.*

Since the last war proved conclusively the folly of the maxim, "If you want peace, prepare for war," Admiral

*Niblack: *op. cit.* p. 149.

Niblack is really holding out no hope to us save possibly that our nation by superior preparation may survive another war to enjoy such advantage as belongs to the sick man in the kingdom of the dead.

There are, however, other more cheerful answers to our question. Arbitration treaties, world courts, limitation of armaments, popular referendums before declaration of war,—all these measures have their advocates. All of them have their uses. But if our analysis of the economic root of war is sound, no one of them nor all of them together is the axe which must be laid at the root of the tree. World courts and arbitration treaties may adjust many disputes. They cannot cure the fundamental rivalry characteristic of our system. A popular referendum might prevent a given war, but so great is the power of organized propaganda, so great is the effect of fear upon the mob mind, that peoples which allow the present rivalries between profit seekers backed by the power of their respective nations to continue, cannot be expected to be wise or prudent enough to avert disaster when the crash is imminent.

Neither will peace be maintained by a balance of power. This is a political device as old as modern Europe. It does not touch the economic struggle between classes or between nations. It is only a shifting political alliance. What the counterpoise of Entente against Triple Alliance could not accomplish will not be accomplished by any future balance of power. Enthusiasts for the League of Nations as the guardian of peace forget that as a part of the morally unjust and economically preposterous Treaty of Versailles the League was scarcely more than a balance of power or an arrangement by which the conquerors could maintain their supremacy against the world. At best it was political in its outlook and did not touch the question of the world-wide organization of raw materials and industry for the good of mankind rather than for the profit of a few. It did not solve the conflicts in interest between its makers. Thanks to the fact that America did not join the League and that the Allies turned to the Supreme Council to compose their differences and to enforce the most difficult clauses of the peace treaty, the League has had a chance to become an organ of nascent internationalism. But only after a revision of its constitution and of the peace

treaties can it become an effective instrument of world co-operation and hence of world peace.*

The most thorough-going political, or rather legalistic, proposal for peace is the outlawry of war by agreement between states and the submission of all disputes to a world court. This notion, developed in some detail in the Knox-Levinson plan and recently revived by Senator Borah, is worth working for. Its success depends upon deeper forces than political enactment. Until in the conscience of mankind the method of war is outlawed, until it becomes unthinkable that men should organize for the systematic and wholesale destruction of their fellows, we shall not be sure of peace. But it is unreasonable to suppose that nations and social groups which believe it right to grab for themselves those natural resources and that economic power upon which the very life of their fellows depends will preserve peace simply by refusing to fight. Political or economic groups which are willing to exploit or to starve their fellows will not be over reluctant to protect their privileges by armed violence. War cannot be outlawed as an isolated phenomenon, but only as part of a cooperative re-organization of society.

Can International Capitalism Prevent War?

When political devices fail economic readjustment may succeed in bringing about peace. It has been suggested that international capitalism might abolish war. Today internationally minded capitalists are proving themselves wiser than politicians. But the triumph of international capitalism would only intensify the resentment of exploited peoples in Asia and Africa and exploited classes in Europe and America. Such a triumph is unlikely. Capitalism is now too definitely bound up with national interest to give the international capitalists full scope. Capitalism has always magnified the idea of competition. Part of the game is to get the better of some one. Individuals, corporations and nations have proved over and over again that often they would prefer to destroy a rival to enjoying greater prosperity by agreement with that rival. Europe would be more prosperous today if more lenient terms had been imposed upon the conquered states. But the principle of nationalistic rivalry proved stronger than wisdom.

*This point of view with regard to the League is discussed more in detail in the author's address: *The League of Nations and the Imperialist Principle*, published by the Foreign Policy Association, N. Y.

The psychology of the profit system and the acquisitive society is not the psychology of peace.

So orthodox an economist as Professor Seligman realizes the impossibility of arranging "an international pact . . . so that each nation would cheerfully divide its opportunities with its neighbors." He concludes:

Pacifism seems destined, for the near future at least, to remain an unattainable ideal; for it is both blind and deaf to the effect of modern capitalism in accentuating, rather than attenuating, the lure of the economic life. Wars will continue until industrial capital has been spread to the uttermost parts of the earth . . . then the economic basis will have been laid for two supreme events. In the first place, there will no longer be any exploitation of the backward countries, because there will be no industrially undeveloped countries to exploit. Then the whole world will be divided up into a series of empires, perhaps a dozen or more, on a level of comparative equality economically, and therefore politically. With such a relative equality of industrial development, and in the absence of any important foreign territory to be exploited, each nation will then find it to its interest to develop what is best within itself in order to carry on a peaceful exchange of commodities with the other nations.*

Professor Seligman does not explain whether when this happy day arrives the class conflict will also have been eliminated and a basis of peace founded between capital and labor. Still less does he explain how many of us will be alive to enjoy his modest Utopia if first we have to survive several more wars brought on by the competition of capitalistic nations. If "there is no hope of bringing about peace until China and India and Africa are as fully supplied with capital as Great Britain and Belgium and Germany"—a process which presumably will involve a repetition in China and India and Africa of the painful history of the early days of the Industrial Revolution in western lands—we might as well deliver ourselves over to the tender mercies of the militarists.

Free Trade as a Solution

The ardent free trader will scoff at Professor Seligman's postponement of a "peaceful exchange of commodities," to a day of equality of industrial development among nations. Let there be an end *now* to artificial interference with trade and all will be well. Without judging between Professor Seligman and the free trader, let us see what the latter's proposal would logically involve on a minimum basis as between capitalist nations.

*Seligman, *Economic Interpretations of the War*. pp. 69, 70.

It would mean: (1) The end of protective tariffs and export duties; (2) equality of access for investors of all countries to raw materials under whatever national flag they may be; (3) the abolition of artificial interference with sea borne traffic by exclusive nationalistic ownership or control of waterways like the Dardanelles or the Suez and Panama Canals; (4) the end of national subsidies to, or discrimination in favor of, certain shipping lines.

A program like this might remove the danger of wars between the stronger nations over trade and the control of raw materials. But the free trader no more than Professor Seligman explains how his plan would end the danger arising out of the economic strife between possessors and producers. The free trade program would not avert wars arising from the anger of countries like India or the weaker Latin American nations which have little or no capital of their own and cannot accumulate capital because of the steady drain of their wealth to pay foreign investors. The economic power of these investors is usually accompanied by a galling measure of political supremacy and a more galling display of social superiority.

In short the widest interpretation of free trade so long as it left untouched our present system of private ownership would only strike at one group of the economic conflicts which endanger peace. And so opposed is this conception of free trade to the psychology of a world in which capitalism and nationalism are closely interwoven that it is rather more Utopian to expect to impose it on our present social organization than to effect a more fundamental change in which the removal of artificial barriers to trade will have its place.

The One Way of Escape

There is one way of escape for us. It is the reorganization of our whole social system on the basis of production for use and not for profit with the needs of the world and not of particular nations in view. That is essentially the ideal of the workers; it inspires international socialism and urges the international cooperative movement to a deeper consciousness of its own social significance. In these movements is our hope.

It is not an ideal that will realize itself merely by the working out of mechanistic forces. The Great War and events subsequent to it have shown that socialism does not automatically eliminate partisan controversies and disputes on points of

dogma rivaling in bitterness the devastating religious disputes of the sixteenth and seventeenth centuries.

Socialism, moreover, and the labor movement generally have yet to face more carefully the problem of the relation of the industrially advanced peoples to the "backward peoples." The glory of these movements is their internationalism, but merely to be a socialist does not exorcise national and racial prejudice.* Neither does the machinery for world-wide cooperation in the use of raw materials and in industrial processes spring spontaneously out of a condemnation of capitalism. Can socialist nations federate amicably to bring about a just and efficient economic order? There is some precedent in the success of the Allies under the desperate exigencies of war in setting up an international control of shipping and to a certain extent an international apportionment of wheat, wool, coal and sugar.**

How much hope does that precedent warrant? The historic function of states and the psychological basis of nationalism have been far removed from the cooperation essential to the preservation of peace. Can they be changed or must we, as Scott Nearing suggests in "The Next Step," ignore existing states and build a new social order out of federated organizations of producers? Have the consumers' cooperatives a part to play in economic internationalism?† These are some of the questions that confront us in trying to think through our problem. Those who have followed the history of the international cooperative movement, or considered the potential significance of the International Institute of Agriculture founded by David Lubin at Rome, or who remember the interest expressed at various times by labor and socialist bodies in a fair administration of foodstuffs and raw materials on an international basis†† will not be hopeless of a solution of these questions. It lies beyond the scope of the present pamphlet to do more than indicate their nature and importance.

So, too, does it lie beyond the scope of this pamphlet to deal

*The Soviet Government of Russia has, however, handled racial and national problems in its own borders and with its immediate neighbors remarkably well—a task made easier by their common hostility against the Czarist regime and western imperialism.

**See on this point J. A. Salter: "Allied Shipping Control—An Experiment in International Administration," (Carnegie Endowment for International Peace. Oxford Press.) Also in the same series, Benj. H. Hibbard: "Effects of the Great War Upon Agriculture in the United States and Great Britain," especially pp. 116, 117, 208.

†See Leonard Woolf: International Co-operative Trade; Fabian Tract No. 201 for a suggestive discussion on this point.

††See for example the proceedings of the Allied Labor and Socialist conference in the spring of 1918.

at length with that other great question: how can we prevent war save by a revolution which in itself will involve war? The communists, the most militant wing of socialists, generally believe that such a revolution must come. They are against pacifism not because they love violence but because they see no other way to get lasting peace. Many of them believe that "the second World War will be the first World Revolution." Such a belief, as we have previously pointed out, is made by the nature of modern war a counsel of despair. More than that, it does too little justice to the possibilities of "non-violent coercion" as a method of constructive revolution.

The repudiation of violence by individuals in obedience to religious conviction is old; its social application is new. Yet it is by the strike rather than the sword that labor has won its victories. It is by the general strike that European labor at the great Hague Conference last December resolved to oppose a new outbreak of international war.* It is by non-cooperation rather than violent revolt that India inspired by Gandhi has made its marvelous progress toward unity and freedom. More than India or labor has yet accomplished we men of all races must accomplish to rid the world of war. But with such examples before us it is impossible to despair of man's achieving a task of social engineering in the cause of peace somewhat analogous to his achievements in the physical world. Thus to win peace will be difficult, but to win happiness and well-being without peace is impossible.

The Challenge

The first step is to challenge men to look at the present social order and then to say by what miracle they expect to maintain the hatreds, the injustice, the waste inherent in a profit system which knows no higher loyalty than is imposed by competitive states and yet escape the catastrophic destruction of new war. The answer to the challenge will be given neither by futile sentimentalists nor cynical materialists but by those who stand ready to pay the price of peace in thought, in organization, and in action.

*This conference also made wise recommendations on the teaching of history so as to promote international friendship rather than hate; it favored steps toward disarmament and demanded the abolition of private manufacture of arms. An excellent summary of its proceedings may be found in the February issue of the *Locomotive Engineers Journal*.

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There is no one satisfactory book on the diplomatic origins of the last war. This defect will probably be remedied in the near future. It is understood that Prof. Sidney B. Fay of Smith College is working on such a book. Shorter studies of his which have already appeared raise high hopes for it.

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